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## **President's report**

### **Republic of Senegal**

### **Agriculture and Livestock Competitiveness Programme for Results**

Project ID: 2000002666

#### **Note to Executive Board representatives**

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**For: Approval**

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## Abbreviations and acronyms

COSOP	country strategic opportunities programme
CPM	country programme manager
CSA	climate-smart agriculture
DLI	disbursement-linked indicator
ESSA	Environment and Social Systems Assessment
IDA	International Development Association
IPL	investment project lending
KM	knowledge management
M&E	monitoring and evaluation
MAER	Ministry of Agriculture and Rural Equipment
MEPA	Ministry of Livestock and Animal Production
PADAER	Support to Agricultural Development and Rural Entrepreneurship Programme
PAFA	Agricultural Value Chains Support Project
PAFA-E	Agricultural Value Chains Support Project – Extension
PCAE-PforR	Agriculture and Livestock Competitiveness Programme for Results
PDO	programme development objective
PforR	programme for results
PNDE	National Livestock Development Plan
PPA	programme preparation advance
PRACAS	Programme for Accelerated Pace of Agriculture
PSE	Emerging Senegal Plan
RBL	results-based lending
SDG	Sustainable Development Goal
TCT	technical coordination team
WBG	World Bank Group

## Map of the programme area



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.  
 Map compiled by IFAD | 02-09-2021

## Financing summary

<b>Initiating institution:</b>	World Bank
<b>Borrower/recipient:</b>	Ministry of Finance and Budget
<b>Executing agency:</b>	Ministry of Agriculture and Rural Equipment Ministry of Livestock and Animal Production
<b>Total programme cost:</b>	US\$233 million
<b>Amount of IFAD loans:</b>	EUR 16.9 million (equivalent to approximately US\$20 million) under the programme for results modality  EUR 2.5 million (equivalent to approximately US\$3 million) as additional financing for the ongoing Support to Agricultural Development and Rural Entrepreneurship Programme – Phase II
<b>Terms of IFAD loan:</b>	Highly concessional loans
<b>Cofinancier[s]:</b>	International Development Association
<b>Amount of cofinancing:</b>	International Development Association: US\$150 million
<b>Contribution of borrower/recipient:</b>	US\$60 million
<b>Cooperating institution:</b>	World Bank

## Recommendation for approval

The Executive Board is invited to approve the recommendation contained in paragraph 58.

### I. Context

#### A. National context and rationale for IFAD involvement

##### National context

1. Senegal's structural reforms and favourable exogenous conditions have enabled the country to achieve one of the world's highest rates of economic growth in 2015–2019 – more than 6 per cent. Due to the COVID-19 pandemic, this rate fell sharply to 0.7 per cent in 2020 and to 3.0 per cent in 2021, but is expected to gain momentum from 2022 onwards. Offshore oil and gas discoveries will come into production in 2022–2023, easing the country's fiscal and development challenges, and laying the foundation for broad-based economic growth. The share of people living in poverty (on less than US\$1.90 per day) fell from 47 per cent in 2011 to 38 per cent in 2018, with agriculture as the main driver.
2. The Government of Senegal aims to achieve middle-income status by 2035. The Emerging Senegal Plan (PSE) 2035 details how this vision is to be achieved through strategies such as: (i) the Programme for Accelerated Pace of Agriculture, phase II (PRACAS-II); and (ii) and the National Livestock Development Plan (PNDE). The proposed modality of programme for results (PforR), to be financed by the World Bank and IFAD, supports the PSE through its focus on promoting competitive agriculture and livestock value chains for resilient and inclusive growth.
3. Agriculture has grown at the robust rate of 3.2 per cent in the past two decades. Under PRACAS-I and PNDE,<sup>1</sup> crop and livestock production have grown strongly in recent years. The development of sedentary, mixed crop/livestock farming systems has diversified revenues and provided a critical asset and safety net for farmers. This progress occurred through a combination of financial and pricing incentives (subsidized inputs – seeds, fertilizer and farm equipment – as well as crop price-setting) and production enhancement measures (technology transfer). Expanded agricultural credit also contributed, as did subsidies to agricultural insurance. Rural people, who account for 62 per cent of Senegal's population, have benefited significantly from this progress given that agriculture employs 69 per cent of rural dwellers and 36 per cent of the national labour force.<sup>2</sup> However, rural poverty remains high in the groundnut basin and agropastoral areas.

##### Rationale for IFAD involvement and choice of instrument

4. Given IFAD's comparative advantage in diversifying smallholder farming and introducing climate-smart agriculture (CSA) in Senegal's groundnut basin and agropastoral areas, the Government asked IFAD on 12 February 2019 to cofinance its flagship Agriculture and Livestock Competitiveness Programme for Results (Pcae-PforR), which is also being funded by the World Bank. For the Senegalese agriculture and livestock sectors, it marks the first results-based lending (RBL) operation, making it a significant milestone for the Government, IFAD and the World Bank Group (WBG).
5. Participating in the Pcae-PforR with the WBG will help work towards the strategic objectives of IFAD's country strategic opportunities programme (COSOP) 2019-2024 in Senegal. Given the size and outreach of the programme, joining forces with the WBG in supporting sustainable rural livelihoods, food security and

<sup>1</sup> PRACAS concluded its first phase (2014–2017) and a second is underway (2018–2023); PNDE (2014–2017) will be extended to 2023.

<sup>2</sup> International Labour Organization Labour Force Survey (2015) and <https://qfc.ucdavis.edu/profiles/rst/sen.html>.

nutrition in the Sahel is a strategic investment for IFAD at a time when the country is moving from classic project implementation towards national programmes. Since January 2020, all ministries involved have used a budget programme approach. In addition, participating in an innovative undertaking like PforR makes it possible to scale up IFAD's experience in the region, where it has helped strengthen the resilience of smallholder farmers by diversifying their production systems and promoted increased rural employment and revenues. These expected outcomes are key at a time when climate change and the COVID-19 pandemic are threatening the livelihoods of the rural poor in the Sahel.

6. The PCAE-PforR will address all IFAD's core commitments, with a strong focus on climate change and food and nutrition security, while building on good practices identified in the Agricultural Value Chains Support Project (PAFA) and the Agricultural Value Chains Support Project – Extension (PAFA-E). CSA is at the core of the strategies of the Ministry of Agriculture and Rural Equipment (MAER) and the Ministry of Livestock and Animal Production (MEPA), as climate poses the main risks to livelihoods in the targeted areas. CSA practices for sustainable productivity growth, together with adaptation strategies for resilient production and livelihoods, as well as climate change mitigation strategies were integrated into the PCAE-PforR design.
7. As MAER and MEPA will implement the PCAE-PforR, focus will also be on the availability of healthy and varied food. Rural households will benefit from better food security and greater access to nutritious foods, leading to improved overall health. The focus on nutrition will be reinforced in the programme through: (i) diversification of farming systems to promote increased consumption of fruit, dairy products, meat and pulses; and (ii) reduction of risks that contribute to food insecurity and seasonal hunger (e.g. storage, warehouse receipt systems, agricultural insurance). Improving food security through more nutrition-sensitive food production systems lies at the heart of IFAD's work. The Fund can contribute to improving rural households' diets by using its experience with past programmes (PAFA, PAFA-E and the Support to Agricultural Development and Rural Entrepreneurship Programme [PADAER]) and ongoing ones (PADAER-II and the Rural Youth Agripreneur Support Project [Agrijeunes Tekki Ndawñii]) in Senegal.
8. IFAD's financial contribution to the operation is also an opportunity to improve further IFAD's visibility through policy dialogue in partnership with the WBG.
9. IFAD's participation in the design of the PCAE-PforR also enabled a reframing of the targeting strategy to enhance inclusion of poor rural people and ensure gender and youth sensitivity. These are also among the Government's priorities, as reflected in PRACAS-II and PNDE. Given the marginalization of women and youth in agriculture and livestock systems, the programme will pay close attention to the inclusion of these two groups through a specific strategy that is being developed with technical assistance provided by PADAER-II. Thanks to its extensive experience and expertise in women's economic empowerment and in the inclusion of youth in agrifood value chains, IFAD will make a valuable contribution to involving more women and youth during programme implementation.

## **B. Lessons learned**

10. The 2019-2024 COSOP highlighted that IFAD project outcomes are not sufficiently scaled up or used to inform government policy reforms. Participating in the PCAE-PforR allows IFAD to join forces with the WBG and provide the required leverage to scale up innovations developed through IFAD initiatives.
11. The IFAD country programme has contributed to increasing the incomes of the rural poor, reducing gender inequality and empowering rural women and youth. In addition, the programme has contributed to increasing crop yields and agricultural production, as well as marketing surpluses, through agribusiness linkages. As a partner in the design and financing of the PCAE-PforR, IFAD drew on its experience

with projects and programmes including: (i) PAFA (2010–2016, US\$31.61 million); (ii) PADAER (2011–2020, US\$53.51 million); (iii) PAFA-E (2014–2020, US\$50.40 million); and (iv) PADAER-II (2018–2024, US\$84.7 million). These investments contributed to transforming traditional subsistence agriculture into market-oriented agropastoral farming systems with significant help from the private sector. Important too was the promotion of a structured dialogue between all value chain stakeholders (so-called interprofessional organizations).

12. Finally, experience gained in the following partnerships helped inform the design stage. IFAD has established a transparent and graduation grant mechanism with emphasis on building relationships between farmers' organizations and financial service providers. In response to environmental and climate challenges, and in partnership with the Global Environment Facility, IFAD established the Agricultural Value Chains Resilience Support Project grant (2017–2021) to strengthen the resilience of vulnerable households. Furthermore, IFAD in partnership with the World Food Programme and the National Agricultural Insurance Company of Senegal developed agricultural insurance programmes for rainfed crops and small ruminants.

## **II. Programme description**

### **A. Government programme**

13. The PCAE-PforR supports investments and policy reforms embedded in two national programmes, namely the PRACAS-II under MAER, and the PNDE under MEPA. Both programmes are promoting sustainable, resilient and inclusive growth as set out in the PSE.

### **B. World Bank PforR scope**

14. The PCAE-PforR was designed by the WBG, IFAD and the Government to reduce rural poverty and improve food and nutrition security for smallholder farmers, women and young people alike in the poorest regions of Senegal. At the design stage, an expenditure framework review of PRACAS-II and PNDE helped select those budget lines that contribute to achieving the programme development objective (PDO) and the outcomes/outputs of the PCAE-PforR. Consequently, 10 disbursement-linked indicators (DLIs) were defined to capture the required investments and policy reforms.

### **C. Objectives, geographical area of intervention and target groups**

15. The PDO is to enhance productivity and market access of priority commodity value chains and livestock in the extended groundnut basin and agropastoral areas.
16. The beneficiaries are a broad range of stakeholders (smallholders, cooperatives, research and development agencies, traders, processors and exporters) involved in priority crop and livestock value chains. This target group is essentially the same as that of IFAD-supported projects like PAFA, PAFA-E and PADAER.
17. The targeting strategy of the programme, in line with IFAD guidelines, is based on geographical and self-targeting mechanisms. It is estimated that approximately 950,000 farmers will benefit from one or more activities, with women and youth respectively accounting for 50 per cent and 30 per cent of total beneficiaries.
18. IFAD's cofinancing will enhance the focus on diversifying smallholder farming systems and on women and young farmers. An additional 50,000 farmers will be provided with more assets, 50,000 more will adopt improved agricultural technology and a further 450,000 will benefit from the vaccination of their horses and small ruminants. IFAD funding will also give 50,000 more farmers access to agricultural insurance. The indicators in the results framework will be



disaggregated by gender and age in the monitoring and evaluation (M&E) system, while the capacity of MAER and MEPA to monitor these indicators will be improved.

#### **D. Result areas and disbursement-linked indicators**

19. The PCAE-PforR has three results areas, or components, namely: (i) improved crop and livestock productivity and resilience; (ii) improved business environment and market integration; and (iii) improved sector governance, coordination and programme management. Table 1 below presents the 10 DLIs.
20. **Contribution to the disbursement-linked indicators.** US\$20 million of IFAD's contribution to the PCAE-PforR will be allocated strategically to further enhance sustainable diversification of farming and livestock systems, and inclusiveness in line with the IFAD core commitments and the 2019-2024 COSOP. The core investments (DLIs 2, 3, 7 and 10) were identified in the expenditure framework of PRACAS-II and PNDE as follows:
  - (i) Under results area 1, DLI 2 and DLI 3 will be cofinanced, with a focus on diversification and productivity increases in crop and livestock systems. Under DLI 2, IFAD will contribute to the multiplication of quality seeds for crop diversification (millet, sorghum, maize, cowpea, Irish potato, vegetables, sweet potato and fonio). Under DLI 3, climate-smart agriculture and livestock technologies will be promoted (quality inputs, vaccination for small ruminants and horses, CSA practices, and technical assistance to public services and farmers' organizations).
  - (ii) Under results area 2, DLI 7 was prioritized. IFAD support will help provide insurance coverage for smallholder farmers. This DLI is under the responsibility of the Ministry of Finance and Budget.
  - (iii) Under results area 3, DLI 10 will be cofinanced. IFAD support will be used to further digitalize and decentralize the MAER and MEPA M&E system, and promote policy dialogue and knowledge management (KM), in particular the consolidation of the crop diversification measures established under PAFA and PAFA-E.
21. As part of IFAD's contribution to the PCAE-PforR, US\$3 million will be earmarked for institutional support and capacity-building, using an investment project lending (IPL) approach. As this institutional capacity-building support is considered essential, the Government and the WBG strongly insisted on including an "Institutional support and capacity-building component" to mitigate implementation risks. This support will build on the initial US\$3.5 million already provided by PADAER, a sum that proved fundamental in starting up the programme. This support contributes to the Programme Action Plan (PAP),<sup>3</sup> defining the accompanying measures undertaken by the Government to mitigate implementation risks. The plan includes actions aimed at strengthening implementing agencies (mainly MAER and MEPA at national and local levels) in four areas: (i) technical implementation capacity; (ii) programme management, M&E and KM; (iii) fiduciary systems; and (iv) environmental and social management. Furthermore, this support will help improve the core IFAD mandate with respect to farmers' organizations, gender and youth empowerment.
22. Despite its relatively small financial contribution to the operation, IFAD will gain in overall visibility and weight in policy dialogue due to its partnership with the WBG. The ambitious policy conversation under the PCAE-PforR is designed to address the needs of small- and medium-scale farms. This dialogue is essential to IFAD's core target group and consists of the following elements:
  - (i) DLIs 1, 2, 3 and 5 aim to fundamentally change MAER and MEPA's budget allocation so as to ensure that smallholders have more equitable access to

<sup>3</sup> World Bank. PCAE. Programme Appraisal Report. Annex 6.

- certified seeds (groundnuts, diversification crops) and quality CSA inputs and vaccination.
- (ii) DLIs 6 and 10 include policy measures to support multi-stakeholder platforms, including the recognition and organization of interprofessional bodies for groundnuts and diversification crops (maize, sorghum/millet, cowpea).
- (iii) DLIs 5 and 10 support preparation of laws, regulations, policies and strategies, including a strategy to control Newcastle disease and fowlpox, a national genetic improvement strategy and plan, an animal health and veterinary public health code, and a livestock masterplan.

Table 1

**Disbursement-linked indicators and allocation of International Development Association (IDA) and IFAD financing**

(Millions of United States dollars)

<i>DLI<sup>4</sup></i>	<i>IDA</i>	<i>IFAD</i>
<b>Results area 1. Improved crop and livestock productivity and resilience</b>		
1 Quantity of certified groundnut seeds acquired annually (tons)	35.0	-
2 Cumulative quantity of certified seeds acquired for diversification crops (tons)	15.0	3.0
3 Percentage of subsidy targeted to smallholder producers and climate-smart technologies (% of subsidy amount)	20.0	10.0
4 Vaccination coverage rates for small ruminant plague (% coverage)	30.0	-
5 Cumulative quantity of certified fodder seeds acquired by the producers (tons)	10.0	-
<b>Results area 2. Improved business environment and market integration</b>		
6 National Interprofessional Committee for Groundnut restructured	10.0	-
7 Number of producers with access to agricultural insurance for crops and livestock (per year)	10.0	5.0
8 Operationalization of the warehouse receipt system in the extended groundnut basin	4.01	-
9 Number of milk collection centres supported and/or equipped and operational	5.0	-
<b>Results area 3. Improved sector governance, coordination and programme management</b>		
10 M&E system at both MAER and MEPA for agriculture and livestock performance in place and functioning	10.0	2.0
<b>Total allocation - DLIs</b>	<b>149.01</b>	<b>20.0</b>
Programme preparation advance (PPA) (not DLI)	0.99	-
Institutional support and capacity-building (IPL, not DLI)	-	3.0
<b>Total</b>	<b>150.0</b>	<b>23.0</b>

**E. Theory of change**

23. The PCAE-PforR is positioned as a rural transformation initiative aimed at enhancing food security, rural incomes, equity and economic growth. In order to achieve this long-term outcome, the programme is structured around twin complementary areas: (i) increased productivity, agriculture resilience and livestock productivity (results area 1); and (ii) improved business environment and market integration for groundnuts, diversification crops and dairy products (results area 2). In parallel, the institutional capacity of the main implementing entities (MAER and MEPA) will be enhanced (results area 3).
24. At the outcome and output levels, the DLIs will monitor the required changes (access to inputs, technologies, investments and policy measures) to achieve the PDO.

<sup>4</sup> All DLIs except DLI 10 are scalable; in other words, funds will be disbursed annually in line with progress made.

## F. Alignment, ownership and partnerships

25. The PCAE-PforR will contribute to the achievement of Sustainable Development Goal (SDG) 1 through a sustainable increase in the incomes of poor family farmers and young rural entrepreneurs. It will also help achieve SDG 2 (zero hunger) as it addresses the food and nutrition of beneficiary families. The programme will further contribute to SDG 5 (gender equality) and 10 (reduced inequalities) as well as SDG 13 on climate change.
26. Within the United Nations system, IFAD has the sole mandate for investing in agriculture development. The Fund has a unique approach to supporting smallholders, organizing their value chains and making them more competitive and resilient. As indicated in its 2019-2024 COSOP, IFAD's comparative advantage in Senegal and the subregion is its expertise in: (i) agriculture value chain development; (ii) support for rural entrepreneurship, especially for women and young people; and (iii) empowerment of farmers' organizations. IFAD will use this expertise to make sure those activities are reflected and scaled up in the PCAE-PforR.

## G. Costs, benefits and financing

### Programme costs

27. The RBL approach calls for all activities to be prefinanced by the Government under its annual sector budgets and reimbursed by WBG and IFAD up to an agreed amount once the DLIs are achieved. The total programme cost is estimated at US\$233 million. The WBG has allocated US\$150 million to the PCAE-PforR, of which US\$149.01 million as RBL and US\$0.99 million as a PPA. IFAD will contribute US\$23 million (reallocation of the Eleventh Replenishment of IFAD's Resources), of which US\$20 million will be in the form of RBL and US\$3 million in the form of IPL through PADAER-II. The Government will contribute US\$60 million.

Table 2

#### Programme cost by financier and by type of lending

(Millions of United States dollars)

Type of lending	Financing source	Amount	Percentage
PPA	IDA	0.99	0.4
RBL	IDA	149.01	64.0
	IFAD	20.00	8.6
	Government	60.00	25.8
IPL	IFAD	3.00	1.3
<b>Total</b>		<b>233.00</b>	<b>100.0</b>

### Disbursement arrangements

28. The table below presents IFAD disbursements by DLI and by year.

Table 3

#### Programme costs by DLI and by year

(Millions of United States dollars)

	2022	2023	2024	2025	Total
DLI 2	0.50	1.50	1.00	-	3.00
DLI 3	2.50	2.50	2.50	2.50	10.00
DLI 7	1.25	1.25	1.25	1.25	5.00
DLI 10	1.00	0.50	0.50	-	2.00
Institutional support and capacity-building	2.10	0.51	0.35	0.04	3.00
<b>Total</b>	<b>7.35</b>	<b>6.26</b>	<b>5.60</b>	<b>3.79</b>	<b>23.00</b>

### Summary of benefits and economic analysis

29. An ex ante economic and financial analysis was prepared to demonstrate the financial and economic soundness of the PCAE-PforR. The economic net present

value of the programme is estimated at US\$237 million, and the economic rate of return at 20.0 per cent. Sensitivity analysis shows that the results are robust under most scenarios.

30. A greenhouse gas analysis was performed using the EX-Ante Carbon Balance Tool. Results show that the PCAE-PforR can constitute a sizeable net carbon sink of -3.3 million tCO<sub>2</sub>eq over 20 years, thus -167,000 tCO<sub>2</sub>eq annually, due to the introduction of improved crop and grassland management practices and technologies. The cropping activities constitute a carbon balance of -266,864 tCO<sub>2</sub>eq per annum in the with-programme scenario, which would largely compensate the increase in the livestock sector (81,436 tCO<sub>2</sub>eq per annum). Increased transportation, processing and use of fertilizer and agrochemicals would lead to an annual increase of 18,493 tCO<sub>2</sub>eq.

#### **Exit strategy and sustainability**

31. In a PforR, initial funding comes from national-sector budgets, which ensures the availability of funds. Regular missions and a system of checks and balances are being put in place to ensure that public budget allocations and incurred expenditures are in line with the ambition of the PCAE-PforR.

### **III. Risks**

#### **A. Risks and mitigation measures**

32. As per IFAD's design policy of January 2020, risk for type C projects is addressed by the programme initiator, the WBG in this case.
33. The overall risk of the PCAE-PforR is considered substantial when assessed with the World Bank's Systematic Operations Risk-rating Tool, driven mostly by political and governance issues, sector policies, weak institutional capacity for implementation, and sustainability and fiduciary aspects. This is exacerbated by the uncertainty surrounding the COVID-19 pandemic.
34. Fiduciary risk is considered high by the WBG and many mitigation measures have been put in place, including: (i) agreement on the multi-year programme expenditures framework with the Government; (ii) limiting the programme expenditures framework annual budget variation to +/-3 per cent; (iii) formal approval of the PRACAS-II and Livestock Sector Development Policy; (iv) appointment of programme managers and filling a vacant internal inspection position; (v) opening a separate and dedicated account with the National Treasury to receive funds that will flow from the World Bank; (vi) National Treasury to appoint dedicated accountants to handle and report on payments made at the request of the line ministries on the dedicated account; (vii) roll-out of an integrated financial management information system and procurement system; and (viii) development of a multi-year contract framework.
35. The institutional capacity for implementation and sustainability risk is substantial, reflecting the need for close collaboration between the entities involved in implementation. This risk will be mitigated by establishing dedicated technical coordination teams (TCTs) at MAER and MEPA to ensure coordination, and through capacity-building incorporated into programme design, DLIs and PAP.
36. Regarding the Social, Environmental and Climate Assessment Procedures, the World Bank procedures were followed and an IFAD integrated programme risk matrix was prepared.

#### **B. Environment and social category**

37. An Environment and Social Systems Assessment (ESSA) was prepared to gauge Senegal's authority and organizational capacity to achieve environmental and social objectives against the environmental and social impacts that may be associated with the programme. Although the investments are unlikely to have substantial

adverse impacts, the cumulative effect of the intensification of groundnuts, livestock and horticultural production, paired with weak environment and social management systems at national and regional levels, raises the risk classification to substantial. The programme design and PAP mitigate many of these risks.

### **C. Climate risk classification**

38. The IFAD climate risk classification does not apply as the Fund will align with ESSA procedures. The climate risk is assessed by the World Bank as high.

### **D. Debt sustainability**

39. The debt sustainability analysis from January 2021 indicates that Senegal's debt remains sustainable with a moderate risk, but with limited scope to absorb shocks in the near term. This is in line with the previous debt sustainability analysis update of April 2020, which accompanied Senegal's rapid credit facility/rapid financial instrument request. The moderate risk of debt distress is predicated on a gradual recovery from the pandemic-induced shock, continued adherence to a prudent fiscal path (in line with regional convergence criteria) and sound debt management. The outlook for Senegal remains highly uncertain and subject to significant downside risks, primarily a reflection of broader global risks related to COVID-19. A prudent borrowing strategy that prioritizes concessional external borrowing and domestic regional financing in line with programmed financing needs, combined with continued efforts to strengthen debt management and contain fiscal risks, will be the anchor for continued debt sustainability. The public debt-to-GDP ratio stood at 65.81 per cent in 2020 and is projected to peak at around 68 per cent in 2021–2022 before gradually declining over the medium term as oil and gas investments come online. Debt service is projected to be about 21 per cent of total revenues and grants in 2020, before gradually rising to about 24 per cent on average over the medium term due to borrowing related to the hydrocarbon sector.

## **IV. Implementation**

### **A. Organizational framework**

#### **Programme management and coordination**

40. The programme has a three-tiered governance structure with a steering committee, two technical committees and two TCTs as well as two technical focal points, within MAER and MEPA. The teams are operational already. The steering committee held its first meeting in March 2021, when it approved the first annual workplan and budget. In March 2021, the first supervision mission, held with IFAD participation, assessed progress realized thus far.
41. Achievement of the DLIs will be verified by the independent verification agent (IVA). The demand for non-objection for the recruitment of the IFAD IVA is expected soon. A DLI verification protocol has been defined.
42. The PCAE-PforR is a PforR operation, which means that no COSTAB cost analysis or expenditure categories were prepared. The PCAE-PforR will be implemented through the national systems and no programme implementation manual was prepared.

#### **Financial management, procurement and governance**

43. The RBL approach calls for all activities to be prefinanced by the Government under its annual budgets for agriculture and livestock programmes, and reimbursed by the World Bank and IFAD up to an agreed amount once the DLIs are achieved.
44. Under a letter of appointment negotiated between the parties, the World Bank will be appointed as a cooperating institution within the meaning of article III of the General Conditions of Agricultural Development Financing dated 29 April 2009, and last amended in December 2020.

45. Financial reporting and auditing will be the responsibility of the programme management unit and the public expenditure authorization directorate at the Ministry of Finance and Budget. The PADAER-II project implementation financial and administrative manual will be updated to include specific procedures applicable for the PCAE-PforR. A designated account will be opened at the National Treasury to receive funds from IFAD. A separate designated account will be opened by PADAER-II for PCAE-related funds once the first disbursement criteria are met.
46. An assessment of the national fiduciary systems was undertaken by the World Bank during design and concluded that the fiduciary risk is "substantial", as detailed in the fiduciary summary. The PADAER-II's inherent financial management risk is thus substantial also. As per the aide-memoire<sup>5</sup> of the midterm review, the financial management quality rating is 3, or moderately unsatisfactory. The funds will be made available to PADAER-II only once the financial management quality is rated 4, or satisfactory as a disbursement condition. Given the RBL approach, the Government will be responsible for procurement, using its own mechanisms and no classic procurement plan was prepared. However, the World Bank has specific guidelines for procurement in RBL projects.

**Project/programme target group engagement and feedback, and grievance redress<sup>6</sup>**

47. A preparatory study to establish a grievance mechanism has been made. Comments from the WBG are being taken into account.

**Grievance redress**

48. In line with its procedures, the World Bank supported the establishment of a grievance redress service. The service ensures that complaints received from communities and individuals are promptly reviewed in order to address pertinent concerns.<sup>7</sup>

**B. Planning, monitoring and evaluation, learning, knowledge management and communications**

49. The results framework (appendix II), developed by MAER, MEPA, the WBG and IFAD, will be used for M&E purposes. To monitor IFAD's cofinancing, six indicators were added, while for other indicators the quantitative targets (DLIs 2, 3, 7) were increased.
50. The programme has a strong focus on M&E and KM. IFAD will be at the forefront of M&E and KM activities through the provision of capacity-building and technical assistance (mainly mobilized by the IPL through PADAER-II). To encourage the Government to invest in digitalization and decentralize the MAER and MEPA M&E system, the PCAE-PforR includes DLI 10, associated with a disbursement of US\$10 million from IDA and US\$2 million from IFAD, conditional to the setting up of M&E systems able not only to track performance and results, but also to develop related policy documents and knowledge products. IFAD will further contribute to this area through the use of global capacity-building grants, while the IFAD Regional Hub in Dakar will ensure the quality of KM, a key element for IFAD.

**C. Implementation plans**

**Implementation readiness and start-up plans**

51. The WBG provided a PPA to ensure implementation readiness, while the Government and IFAD mobilized technical assistance through PADAER-II.

**Supervision, midterm review and completion plans**

<sup>5</sup> World Bank. PCAE virtual implementation support mission. 8-15 March 2021. Aide-memoire.

<sup>6</sup> See Framework for Operational Feedback from Stakeholders <https://webapps.ifad.org/members/eb/128/docs/EB-2019-128-R-13.pdf?attach=1>.

<sup>7</sup> For details: <http://www.worldbank.org/GRS>.

52. In light of the letter of agreement, the World Bank will be formally responsible for supervising the PCAE-PforR, administering the loan and authorizing payments. In practice, supervision will be carried out jointly by the WBG, IFAD and the Government. In conformity with IFAD's policy on supervision and implementation support, at least one supervision mission will be held annually, with regular follow-up on progress and results. The presence of the World Bank office and IFAD Regional Hub in Dakar will facilitate close monitoring of progress and provide implementation support. IFAD's long-standing strategic partnership with MAER and MEPA will ensure efficient targeting of women and youth. In addition, all partners will work together to strengthen M&E systems.
53. The midterm review will be organized at the beginning of year 3 of programme implementation. It will be led by MAER and MEPA through their TCTs and will be conducted jointly with IFAD and the WBG.
54. The programme completion review will be initiated by the Government according to guidelines issued by IFAD and the WBG, and reviewed by the three parties. It will document the achievement of the overall targets and PDO as well as lessons learned during implementation and possibilities for scaling up.

## **V. Legal instruments and authority**

55. A project financing agreement between the Government of Senegal and IFAD will constitute the legal instrument for extending the proposed financing to the borrower/recipient, under the new PforR modality (EUR 16.9 million). The second loan (EUR 2.5 million) will be incorporated as additional financing to the PADAER-II and for which an amendment to the already existing financing agreement between the Government of Senegal and IFAD will constitute the legal instrument for extending the proposed financing to the borrower/recipient. A copy of the negotiated financing agreement and of the amendment to the financing agreement will be made available prior to the session.
56. The Government of Senegal is empowered under its laws to receive financing from IFAD.
57. I am satisfied that the proposed financings will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

## **VI. Recommendation**

58. I recommend that the Executive Board approve the proposed financing in terms of the following resolution:

RESOLVED: that the Fund shall provide a loan on highly concessional terms to the Republic of Senegal in an amount of sixteen million nine hundred thousand euros (EUR 16.9 million) in order to finance the programme for results modality and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

RESOLVED FURTHER: that the Fund shall provide a loan on highly concessional terms to the Republic of Senegal in an amount of two million five hundred thousand euros (EUR 2.5 million) as additional financing to the already existing Support to Agricultural Development and Rural Entrepreneurship Programme – Phase II and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Gilbert F. Hougbo  
President

## **Negotiated financing agreement**

(Will be made available prior to the session)



# IFAD Logical framework

Results hierarchy	Indicators <sup>8</sup>					Means of verification			Assumptions
	Name	Baseline	Mid-term	WB Target	End target	Source	Frequency	Responsibility	
<b>Outreach</b>									
	1.Estimated corresponding total number of households members - C.I.-1.b	2,152,000	4,800,000	7,200,000	7,800,000	M&E Survey	Baseline Midterm Endline	TCTs MAER MEPA	Appropriate women and young farmers targeting and inclusion mechanism (based on IFAD funded projects' experience)
	2.Corresponding number of households reached - C.I.-1.a	269,000	600,000	900,000	975,000				
	of which women	0	115,000	100,000	357,500				
	of which young farmers	0	90,000	n/a	130,000				
<b>Project development objective</b>									
To enhance productivity and market access of priority commodity value chains and livestock, in the extended groundnut basin and agro-pastoral areas	Number of households reporting adoption of new or improved inputs, technologies or practices	0	100,000	150,000	200,000	Survey	Baseline Midterm Endline	TCTs MAER MEPA	Better MAER and MEPA Financial Management and staffing
	of which women	0	40,000	60,000	85,000				
	of which young farmers	0	12,500	n/a	25,000				
	Yield increase (metric ton) of								
	Maize	2.50	2.70	n/a	3.00				
	Millet	1.00	1.20		1.50				
	Cowpea	0.80	1.10		1.50				
	Irish potato	25.00	29.00		30.00				
Onion	23.00	26.00		27.00					
Sweet potato	38.00	42.00		45.00					
<b>Results Area 1: Improved crop and livestock productivity and resilience</b>									
<b>Sub-Results Area 1.1.a:</b> Increased crop productivity	Number of rural producers accessing production inputs and/ or technological packages (DLI <sup>9</sup> 3)	0	200,000	250,000	275,000	M&E	Annually	MAER	
	Metric ton of cumulative quantity of certified seeds acquired for diversification crops (DLI 2)	0	40	53	70				
	Number of herders (as livelihood diversification) accessing production	0	0	n/a	25,000				

<sup>8</sup> To be disaggregated by gender and youth for all "people related" indicators.

<sup>9</sup> DLI: PforR Disbursement Linked Indicator

Results hierarchy	Indicators <sup>8</sup>					Means of verification			Assumptions
	Name	Baseline	Mid-term	WB Target	End target	Source	Frequency	Responsibility	
<b>Sub-Results Area 1.1.b:</b> Increased livestock productivity	inputs and/ or technological packages (DLI <sup>10</sup> 3)								Environmental safeguards plan properly implemented
	Vaccination coverage rates for African horse sickness (percentage)	35	55	n/a	65	M&E	Annually	MEPA	
	Vaccination coverage rates for pasteurellosis of small ruminants (percentage)	4	25	n/a	30		Annually	MEPA	
<b>Results Area 2: Improved business environment and market integration</b>									
<b>Sub-Results Area 2.3:</b> increased access to financial services	Number of persons in rural areas accessing financial services (DLI 7: agriculture insurance for crops and livestock)	269,000	346,000	400,000	475,000	M&E	Annually	Ministry of finance	Continuation of related policy reforms
	of which women	0	115,000	120,000	145,000				
	of which young farmers	0	100,000	n/a	130,000				
<b>Results Area 3: Improved sector governance, coordination, and Program management</b>									
<b>Output 3.1.:</b> policy dialogue on agriculture and livestock strengthened	Coordination platforms of diversification value chains organized by MAER/MEPA	No	Set-up	n/a	Efficient	Reporting	Annually	TCTs MAER MEPA	Efficient technical assistance
	Number of existing/new laws, regulations, policies or strategies proposed to policy makers for approval, ratification, amendment	0	5	5	8				
<b>Output 3.2.:</b> capacity at MAER and MEPA for program planning, statistics, and M&E enhanced	Monitoring and evaluation system for agriculture and livestock performance (DLI 10)	Draft M&E system at MAER and MEPA	Adequate M&E system to track Program performance		Adopted by central/ decentralized services	Survey	Endline		
	Share of targeted beneficiaries with rating 'satisfied' or above on project interventions / support (Percentage)	0	n/a		85				

<sup>10</sup> DLI: PforR Disbursement Linked Indicator

ORIGINAL WB RESULTS FRAMEWORK

Attachment 2. Results Framework from Cofinancier with IFAD Indicators and Targets Integrated (in red)

Indicator Name (** IFAD Core Indicators)	IFAD co-financ.	DLI	Baseline	Intermediate Targets				Final Target
				1	2	3	4	
PDO: Enhance productivity and market access of priority commodity value chains and livestock								
Yield increase of groundnut (Metric ton)			0.98	1.00	1.00	1.10	1.20	1.50
Yield increase of diversification crops (Metric ton)	IFAD							
Maize (Metric ton)	IFAD		2.50	2.60	2.70	2.80	2.90	3.00
Millet (Metric ton)	IFAD		1.00	1.10	1.20	1.20	1.40	1.50
Cowpea (Metric ton)	IFAD		0.80	1.00	1.10	1.20	1.30	1.50
Irish potato (Metric ton)	IFAD		25.00	27.00	29.00	30.00	30.00	30.00
Onion (Metric ton)	IFAD		23.00	25.00	26.00	27.00	27.00	27.00
Sweet potato (Metric ton)	IFAD		38.00	40.00	42.00	44.00	44.00	45.00
Increase exports of shelled groundnuts (Metric ton)			215,000	230,000	255,000	280,000	315,000	350,000
Decrease in mortality rate of small ruminants (Percentage)			0,00			8,00		15,00
Increase in dairy farms productivity (Percentage)			0,00	0,00	5,00	10,00	15,00	20,00
Increase in volume of milk commercialized (Liters (Million))			270.000	280.000	295.000	310.000	325.000	340.000
Farmers reached with agricultural assets or services (CRI, Number) ***	IFAD <sup>17</sup> core		0.00	50,000	125,000	225,000	255,000	300,000
Farmers reached with agricultural assets or services - Female (CRI, Number) - target 50%	IFAD		0.00	25,000	62,500	112,000	130,000	150,000
Farmers reached with agricultural assets or services - Young farmers (Number)- target 30%	IFAD		0.00	50,000	10,000	20,000	25,000	25,000

<sup>7</sup> Additional 50,000 beneficiaries; in addition, specific indicator to monitor young farmers added.

Republic of Senegal  
Agriculture and Livestock Competitiveness Program for Results (PCAE/PforR) – IFAD Additional Financing  
Restructuring Note

Nom de l'indicateur	IFAD	DLI	Baseline	Intermediate Targets				End Target
				1	2	3	4	
<b>Results Area 1: Improved crop and livestock productivity and resilience</b>								
Quantities of certified groundnut seed acquired annually (Metric ton)		DLI 1	40,00	56,00	72,00	88,00	104,00	120,00
Cumulative quantity of certified seeds acquired for diversification crops (Metric ton)	IFAD <sup>18</sup>	DLI 2	0,00	10,60	27,60	40,80	55,20	69,60
Percentage of subsidy targeted to small producers and climate-smart technologies (Percentage)	IFAD	DLI 3	40,00	50,00	60,00	70,00	80,00	90,00
Farmers adopting improved agricultural technology (CRI, Number) <sup>***</sup>	IFAD <sup>19</sup> core		0,00	30,000	90,000	130,000	170,000	200,000
Female Farmers adopting improved agricultural technology (CRI, Number) – target 50%	IFAD							85.000
Young Farmers adopting improved agricultural technology (Number) – target 50%	IFAD							12.500
Hectares with water management infrastructures (rehabilitated, constructed)	IFAD				50	50		100
Vaccination coverage rates for African horse sickness (percentage)	IFAD		35.00		40.0	55.00	65.00	65.00
Vaccination coverage rates for pasteurellosis of small ruminants (percentage)	IFAD		4.00		15.00	30.00	30.00	30.00
Vaccination coverage rates for small ruminant plague (PPR) (Percentage)		DLI 4	30,00	40,00	50,00	60,00	70,00	80,00
Strategy for the control of Newcastle Disease and fowlpox established and validated (Yes/No)			No	No	No	Yes	Yes	Yes
Cumulative quantity of fodder certified seeds acquired by the producers (Metric ton)		DLI 5	0,00	0,00	0,00	100	200	300
National Genetic Improvement Strategy & Plan developed and validated (Yes/No)			No	No	No	Yes	Yes	Yes
Livestock husbandry guidelines (housing and management best practices) developed and			No	No	No	Yes	Yes	Yes

<sup>18</sup> IFAD contributes starting year 2, with 20 percent additional.

<sup>19</sup> IFAD contributes starting year 2, with 30 percent additional.

Republic of Senegal  
Agriculture and Livestock Competitiveness Program for Results (PCAE/PforR) – IFAD Additional Financing  
Restructuring Note

Nom de l'indicateur	IFAD	DLI	Baseline	Intermediate Targets				End Target
				1	2	3	4	
disseminated (Yes/No)								

Indicator Name	IFAD	DLI	Baseline	Intermediate Targets				End Target
				1	2	3	4	
<b>Results Area 2: Improved business environment and market integration</b>								
Groundnut interprofession (CNIA) restructured (new action plan and framework agreement with government) (Text)		DLI 6	No existing action plan to restructure the National Committee on the Groundnut Value chain (CNIA)		CNIA restructured with an action plan to be autonomous, in an acceptable way to the WB	Framework agreement is signed between CNIA and the Government, encompassing new price setting mechanism for groundnut	Action plan is implemented	Groundnut interprofession (CNIA) restructured (new action plan and framework agreement with GoS)
Level of groundnut production under contract farming agreements (Percentage)			0,00	5,00	10,00	15,00	20,00	30,00
Number of producers with access to agriculture insurance for crops and livestock (Number) ***	IFAD Core	DLI 7	269,000	292,000	319,000	366,000	400,000	475,000
of which women (Number)	IFAD		80,000	87,000	100,000	115,000	130,000	145,000
of which young farmers (Number)	IFAD				90,000	100,000	115,000	130,000
Operationalization of the WRS in the Extended Groundnut Basin (Text)		DLI 8	The WRS regulatory body (OSRE) has not been implemented	ORSRE's key personnel has been appointed or recruited, and OSRE has been provided with its own approved budget	10 warehouses meet OSRE's licensing requirements allowing warehouse operators to issue warehouse receipts, from a baseline of 0	US\$ 10,000,000 financed by financial institutions through warehouse receipts, from a baseline of US\$ 0		The WRS is operational in the extended groundnut basin and facilitating access to credit

Republic of Senegal  
Agriculture and Livestock Competitiveness Program for Results (Pcae/PforR) – IFAD Additional Financing  
Restructuring Note

Indicator Name	IFAD	DLI	Baseline	Intermediate Targets				End Target
				1	2	3	4	
<b>Results Area 2: Improved business environment and market integration</b>								
Warehouses in the groundnut basin licensed by the Warehouse Receipt System regulatory body (ORSRE) (Number)			0,00					10,00
Number of milk collection centers supported and/or equipped and operational (Number)***	core	DLI 9	12,00	27,00	42,00	57,00	72,00	72,00

## Integrated programme risk matrix

Risk Category / Subcategory	Inherent risk	Residual risk
Country Context	High	Substantial
Political Commitment	High	Moderate
Governance	Moderate	Moderate
Macroeconomic	High	High
Fragility and Security	High	Moderate
Sector Strategies and Policies	Low	Low
Policy alignment	Low	Low
Policy Development and Implementation	Low	Low
Environment and Climate Context	Substantial	Moderate
Project vulnerability to environmental conditions	High	Moderate
Project vulnerability to climate change impacts	Moderate	Moderate
Project Scope	Low	Low
Project Relevance	Low	Low
Technical Soundness	Low	Low
Institutional Capacity for Implementation and Sustainability	Moderate	Low
Implementation Arrangements	Moderate	Low
Monitoring and Evaluation Arrangements	Moderate	Low
Project Financial Management	Substantial	Moderate
Project Organization and Staffing	Substantial	Moderate
Project Budgeting	Substantial	Moderate
Project Funds Flow/Disbursement Arrangements	Moderate	Low
Project Internal Controls	Substantial	Moderate
Project Accounting and Financial Reporting	Substantial	Moderate
Project External Audit	Substantial	Moderate
Project Procurement	Low	Low
Legal and Regulatory Framework	Low	Low
Accountability and Transparency	Low	Low
Capability in Public Procurement	Moderate	Low
Public Procurement Processes	Low	Low
Environment, Social and Climate Impact	Substantial	Moderate
Biodiversity Conservation	Low	Low
Resource Efficiency and Pollution Prevention	Low	Low
Cultural Heritage	Moderate	Moderate
Indigenous People	High	Moderate
Labour and Working Conditions	Substantial	Moderate
Community Health and Safety	High	Moderate
Physical and Economic Resettlement	Moderate	Moderate
Greenhouse Gas Emissions	Moderate	Moderate
Vulnerability of target populations and ecosystems to climate variability and hazards	High	Moderate
Stakeholders	Moderate	Moderate
Stakeholder Engagement/Coordination	Moderate	Low
Stakeholder Grievances	Moderate	Moderate
Overall	Moderate	Moderate
Country Context	High	Substantial
Political Commitment	High	Moderate
<b>Risk:</b>		
Lack of political will, resistance from vested interests, and well-grounded practices in the administration may hinder the implementation of reforms that would lead to more	High	Moderate

transparency in systems of subsidies and oligopolies, in particular in the groundnut value chain and in the current system of seed multiplication and input supply.

**Mitigations:**

Continuous support for these key Program elements through the policy dialogue with the GoS will help mitigate this risk.

The World Bank Group is experienced in coordinating a PforR, in addition to the policy dialogue with Government. In addition, several DLIs have been developed that focus on policy reforms and that put pressure on vested interests in the current system of subsidizing and elite capturing, including: (a) DLI1 and DLI2 that encourages Ministry of Agriculture to subsidized only certified seed;(b) DLI3 that obliges channeling support to small producers; (c) DLI6 that pushes for restructuring of the Groundnut inter-profession; (d) DLI7 that encourages making agriculture insurance available for small farmers; (e) DLI8 and DLI9 that push for support to small farmers (warehouse receipt system and dairy cooperatives).

Governance

Moderate Moderate

**Risk:**

Moderate Moderate

Government may underfinance implementation of PRACAS II and PNDE.

**Mitigations:**

The Program Action Plan (PAP), adopted by Government, the WBG and IFAD, includes a Sector Expenditures Review in order to monitor financing of the agriculture and livestock sector. In addition, first assessments have been made during the design mission. In addition, the implementation support mission in March 2021 discussed the issue of the updating of agriculture strategies and financing of the sector with Government. Two recommendations were made: (1) finalizing and adopting the PASAE of the Ministry of Agriculture; (7) linking the PforR proposals to existing budgetary programmes for agriculture and livestock.

The Technical Coordination Teams (TCT) will receive the required backstopping and capacity building.

Macroeconomic

High High

**Risk:**

The expected positive economic growth in Senegal (expected at 6,3 percent for 2020 (AfDB, 2020) may severely be affected by the measures of restrictions to fight the COVID-19 pandemic. The closure of borders may severely affect the vital trade of agricultural and animal products in the region.

High High

**Mitigations:**

Existing economic, crucial for the local economies are and will be used to develop sane and safe trade behaviors to keep them functioning and supplying both rural and urban areas.

Fragility and Security

High Moderate

**Risk:**

Senegal is not directly confronted with a war situation, however it shares borders with Mali in its eastern regions. Senegal host refugees camps and population fleeing Mali whose extreme economic vulnerability is even exacerbated with the COVID-19 pandemic.

High Moderate

**Mitigations:**

The overall approach favours a shift of support from the Ministries of Agriculture and Livestock towards smallholder farmers and livestock owners, and rural poor.

Sector Strategies and Policies

Low Low

Policy alignment

Low Low

**Risk:**

Low Low

Internal discussions within the MAER on the modernization and streamlining of Sector Strategies and Policies.

**Mitigations:**



The instrument used—the PforR—is designed to ensure full ownership by the Government. The DLIs will be linked to the implementation of the selected critical sector reforms, providing a strong incentive for their implementation.

Policy Development and Implementation

Low Low

**Risk:**

The sector strategies and policies risk is substantial and also relates to the implementation of key reforms as discussed above.

Low Low

**Mitigations:**

Continuous support for these key Program elements through the WBG and IFAD policy dialogue with the GoS will help mitigate this risk. In addition, the PCAE/PforR pushes for updating and implementing national agriculture and livestock policies, as starting point and precondition of the design of a PforR.

Environment and Climate Context

Substantial Moderate

Project vulnerability to environmental conditions

High Moderate

**Risk:**

The environmental issues associated with the Program are related to the potential increase of water, fertilizer and pesticide use resulting from the intensification of the targeted value chains (groundnuts, horticultural crops and milk production). The ESSA found that the applicable Environmental and Social Management systems in Senegal are generally appropriate and comprehensive

High Moderate

**Mitigations:**

An Environmental safeguards plan will be implemented, as agreed. Monitoring was already undertaken by the Implementation Support Mission in March 2021.

Project vulnerability to climate change impacts

Moderate Moderate

**Risk:**

Climate risk is high in Senegal. So they are exposed to climate change effects on agriculture and natural resources. The high risk in the Groundnut Basin and pastoral areas can lead to:

Moderate Moderate

- i) Decrease in crops productivity because of heat stress due to high temperature
- iii) Decrease of rainfall pattern in the Groundnut Basin

**Mitigations:**

The PCAE/PforR has developed a comprehensive ESSA that propose some mitigation measures like:

- i) use of certified drought-tolerant seeds and crops shifting to be used to cope with heat stress impacts on crops.
- ii) improve the capacity of storage facilities and promotion of cultivation practices that reduce water loss;
- iii) promotion of climate-smart agriculture and adapted technology packages.

Project Scope

Low Low

Project Relevance

Low Low

**Risk:**

The programme scope is rather broad with regards to the actual needs and fully aligned with national priorities.

Low Low

**Mitigations:**

The programme is complementing and up scaling existing interventions implemented by the development partners. The programme activities were discussed in detail with the national stakeholders, including relevant public services (research, agriculture and livestock services) and farmers' organizations.

Technical Soundness

Low Low

**Risk:**

Capacity to implement the proposed technical solutions.

Low Low

**Mitigations:**

The Programme supports and up-scales existing and proven technical interventions whose the main implementing partners are familiar with. The programme activities were discussed in detail with the national stakeholders, including relevant public services (research, agriculture and livestock services) and farmers' organizations.

Institutional Capacity for Implementation and Sustainability	Moderate	Low
Implementation Arrangements	Moderate	Low

**Risk:**

Areas of intervention may induce heavy governance processes and delay actual implementation	Moderate	Low
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**Mitigations:**

The Programme will be implemented in Senegal within existing programmes and directly supervised by WBG and GoS in collaboration with IFAD. The approach of the PCAE/PforR in new in the Ministries of Agriculture and Livestock, but is at the same time an opportunity. In order to mitigate risks, technical assistance was mobilized by IFAD through the PADAER2 as well as through an additional financing (3 million USD), mainly to build the internal capacity of the implementing entities.

Monitoring and Evaluation Arrangements	Moderate	Low
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**Risk:**

M/E tools may differ from the one used by existing IFAD and WBG projects	Moderate	Low
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**Mitigations:**

TCTs will be put in place and capacity building will be supported. Technical assistance was mobilized by IFAD through the PADAER2 as well as through an additional financing (3 million USD), mainly to build the internal capacity of the implementing entities.

Project Financial Management	High	Substantial
Project Organization and Staffing	Substantial	Moderate

**Risk:**

The Program is implemented by MAER, MEPA, and their affiliates, such as their central and regional departments, ISRA, ANCAR, and ANIDA. The roles and functions are not clearly defined and the Procedures Manual is still under development. The accounting function needs additional staff. The personnel while experienced in implementing IFAD projects needs additional capacity building on IFAD procedures and accounting. Financial management will be the responsibility of DAGE as head of the ministerial financial function (RFFIM cf. decree on State budget management). This management will be carried out with the assistance of the heads of the administrative and financial offices (BAF) of the national and regional departments, as well as the administrative and financial departments (DAF) or accounting officers (AC) of the autonomous structures. However, the DAGE does not have visibility and regular monitoring of the financial execution of autonomous structures (Agencies, public establishments, national companies and other similar structures).

**Mitigations:**

Roles and functions to be clarified in the Procedures manual and additional trainings to be performed on IFAD policies and procedures and accounting. The minister to recruit additional accounting agents.

Have a reporting framework and regular monitoring (monthly or quarterly) of the execution of the transfer expenses of autonomous structures, as well as expenses on external financing. Systematize quarterly budget execution reports by program and structure.

Project Budgeting	Substantial	Moderate
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**Risk:**

The 2020 budgets of all line ministries, including MAER and MEPA, have been prepared in a program-based format. This major change aims to increase the links between public policy objectives and resource allocation and institutionalize the results-based approach in public resource management. All RAs and result indicators supported by	Substantial	Moderate
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the Program and the corresponding resource allocations are not yet comprehensively included in the 2020 budget approved by Parliament in December 2019 and the three-year Medium-Term Expenditure Framework (DPPD, 2020–22).

There is a need to further improve the credibility of the budget. The World Bank analysis suggests that multiple factors require attention, such as inadequate costing, shortcomings in procurement planning and implementation, changes in priorities, and lack of capacity to plan for complex projects.

The execution of budget credits is subject to modulation and authorization from the services of the Ministry of Finance (mainly Budget Directorate) with cuts and cancellations.

**Mitigations:**

Adjustments to the DPPD will be undertaken during the budget revision process, since the planning process is dynamic. In future years of Program implementation, to further enhance the policy alignment of the budget, technical assistance should be provided to MAER and MEPA. In addition, the year n+1 draft program budget, PAP, and DPPD shall be shared with the World Bank and IFAD for discussion and technical advice to ensure with the government that the planning and budgeting document includes RAs, results indicators, and budget allocation for the World Bank and IFAD financed portion of the Program .

The Program has embedded actions to enhance the realism of the multiyear expenditure plans, such as: (i) approval of the PRACAS II and LPDE to signal high-level commitment to deliver the strategic objectives for the sector; (ii) Government's commitment to allocate resources at a level consistent with the delivery of Program results over the five years of the Program as reflected in the Program expenditure framework; and (iii) the PAP stipulating that the initially approved annual Program budget should not deviate by more or less than 3 percent to comply with best international practice.

The ministry of Finance should notify the MAER and MEPA of the monthly or quarterly commitment ceilings.

Clearly identify in the SYSBUDGEP the budget lines of P4R activities so that they are carried out without constraints.

Ensure that the credits necessary for the implementation of the project will not be blocked or cancelled.

Project Funds Flow/Disbursement Arrangements

Moderate Low

**Risk:**

The MAER and MEPA staff is experienced in using and managing temporary advances and statement of expenditures and disbursements for with various financing institutions. The counterpart funds of the State are entered in the State finance laws (initial, amended) or by amending acts (orders or decrees of transfer or transfer of credits) signed by the Ministry in charge of Finance or the president of the Republic.

Moderate Low

**Mitigations:**

Disbursement will be processed as per World Bank instructions and into a distinct dedicated account with the State Treasury.

Project Internal Controls

Substantial Moderate

**Risk:**

The texts governing public finances establish the principle of the separation of the functions of authorizing officer of expenditure and of accountant.

The P4R with the World Bank has an operations manual that clearly defines the role of each stakeholder.

The update should be done whenever necessary and with the approval of the Program Steering Committee.

Reconciliation is not yet a frequent operation.

Substantial Moderate

The principle separation exists on the texts. But in practice, the same department and the same actors can exercise ordering and receiving functions, as a member of the procurement commission and the materials receiving commission.

The Ministry does not yet have an internal audit service. It is necessary to study the content of the new decree on internal inspections adopted by the Council of Ministers of June 16, 2021 to assess whether it takes into account the functions assigned to an internal audit service.

**Mitigations:**

The segregation of duties should be enforced by differentiating between agents who are members of procurement committees and those of reception committees.

MAER and MEPA need to create dedicated internal audit functions if the new decree on internal inspections adopted by the Council of Ministers of June 16, 2021 does not take into account the functions assigned to an internal audit service.

Project Accounting and Financial Reporting

Substantial Moderate

**Risk:**

For the execution of the budget, the DAGE works on the SYSBUDGEP software developed by the Information Systems Department (DSI) of the DGB of the MFB. This software only allows monitoring of operating expenses and investment on internal resources. Thus, the monitoring of staff costs (category 2) and expenditure on external resources is not possible as well as the transfer expenditure of autonomous structures.

There are internal shortcomings in the archiving and the original documents of the expenditure files are always sent to the Treasury.

Substantial Moderate

The decree on the preparation of the state budget requires the MAER to produce an annual performance report (RAP) which details the technical and financial results by budget program.

An Independent Verification Agent (AVI) is also recruited within the framework of P4R to measure the results of the Program being financed.

**Mitigations:**

If proved to be needed, acquire software that supports all the specifics and necessary reports while awaiting the commissioning of SIGIF, a new application dedicated to the financial management of the State.

Ensure sufficient archiving conditions for supporting documents.

Project External Audit

Substantial Moderate

**Risk:**

Since the line ministries are not required to prepare a full set of financial statements, including statements of revenue and expenditures, financial position, statement of cash flow, and notes to the financial statement, for the purposes of the proposed Program, a fit-for-purpose annual financial statement format that will be subject to external audit has been agreed upon during negotiations. Each line ministry (MEPA, MAER, Ministry of Finance and Ministry in charge of Trade) will prepare its fit-for-purpose financial statement under the responsibility of DAGE. Other line ministries will submit their financial statement to the MAER DAGE not later than two months after the end of the period for consolidation. The fit-for-purpose financial statement will be prepared each semester and will feed the program progress report.

Substantial Moderate

**Mitigations:**

The annual fit-for-purpose financial statement will be subject to external audit by the Supreme Audit Institution (SAI) with the support of a private audit firm. The information to prepare the fit-for-purpose financial statement will be extracted from the new IFMIS.

Project Procurement

Low Low

Legal and Regulatory Framework

Low Low

**Risk:**

Low Low

Inexperience of staff in the MAER and MEPA with the PforR tool.

**Mitigations:**

An assessment was made during design and measures proposed. The WBG in Dakar has a dedicated team and will provide backstopping to the implementing entities. The implementation support mission of World Bank in collaboration with IFAD that was undertaken in March 2021, monitored the progress that was made with respect to procurement and formulated recommendations. The Autorité de Régulation des Marchés Publics du Sénégal did an audit of the system.

Accountability and Transparency Low Low

**Risk:**

The risk that accountability, transparency and oversight arrangements (including the handling of complaints regarding, for example, SH/SEA and fraud and corruption) are inadequate to safeguard the integrity of project procurement and contract execution, leading to the unintended use of funds, misprocurement, SH/SEA, and/or execution of project procurements outside of the required time, cost and quality requirements. Low Low

**Mitigations:**

The WBG in Dakar has a dedicated team and will provide backstopping. Capability in Public Procurement Moderate Low

**Risk:**

Inexperience of staff in the MAER and MEPA with the PforR tool. Moderate Low

**Mitigations:**

Training sessions with the main implementing agencies will be organized to ensure that their dedicated staff is well acquainted to the requirements. An assessment was made during design and measures proposed. Public Procurement Processes Low Low

**Risk:**

Inexperience of staff in the MAER and MEPA with the PforR tool. Low Low

**Mitigations:**

An assessment was made during design and measures proposed In addition to the alignment on their respective procurement manuals, TA short-term support missions will be planned. The WBG in Dakar has a dedicated team and will provide backstopping. Environment, Social and Climate Impact Substantial Moderate

Biodiversity Conservation Low Low

**Risk:**

The ESSA notes that the promotion of water resource efficiency and increased land productivity is not expected to have substantial downstream impacts in terms of water quantity and quality. Low Low

**Mitigations:**

The proposed Program can be used strategically to strengthen Senegal's Environmental and Social Management Systems by reinforcing the human, financial and logistical capacities of the key institutions to promote best practices, provide quality assurance and monitor for compliance. Training on sustainable use of pesticides and introduction to organic pesticides like Neem oil. Resource Efficiency and Pollution Prevention Low Low

**Risk:**

The intensification of the groundnuts, horticultural crops and livestock value chains may result in increased use of fertilizers and pesticides. Low Low

**Mitigations:**

Guidelines on FAO norms, as well as training and awareness was included in the mitigation plan.

Cultural Heritage	Moderate	Moderate
<b>Risk:</b>		
Cultural heritage are under threat in the region because of the presence of armed groups and terrorist groups and desire to migrate	Moderate	Moderate
<b>Mitigations:</b>		
Programme itself provide opportunities and working towards peace and development nexus		
Indigenous People	High	Moderate
<b>Risk:</b>		
Social exclusion of women and youth due to limited access to land, elite capture.	High	Moderate
<b>Mitigations:</b>		
Technical assistance has been provided to prepare a gender action plan and youth action plan to address such risks.		
Labour and Working Conditions	Substantial	Moderate
<b>Risk:</b>		
Child labor and poor labor conditions	Substantial	Moderate
<b>Mitigations:</b>		
Integration of labor and decent working conditions into the ESSA		
Community Health and Safety	High	Moderate
<b>Risk:</b>		
The COVID- 19 is a real threat for human health and people in the region. Unsafe and non-healthy working conditions	High	Moderate
<b>Mitigations:</b>		
Activities to be considered are: remote sensing tools to better understand immediate impacts of COVID 19 on food security and agricultural productivity, trainings on safe labor practices, access to more protective equipment such as masks and gloves, restrictions on workers on producer's field, use of drones and other digital extension tools for labor and input saving practices, shared mechanization. Additionally, risk sharing mechanism such as insurance including pandemic insurance, digital marketing platforms and logistics, sanitary and phyto-sanitary controls and good practices gender dimension to COVID-19 to reduce women exposure.		
Physical and Economic Resettlement	Moderate	Moderate
<b>Risk:</b>		
It is not expected that populations could be physically or economically resettled according to the assessment that was made during the design.	Moderate	Moderate
<b>Mitigations:</b>		
An ESSA has been prepared		
Greenhouse Gas Emissions	Moderate	Moderate
<b>Risk:</b>		
CO2 emission from the investment is limited and would contribute to the climate change	Moderate	Moderate
<b>Mitigations:</b>		
FAO Exact tool was used to assess the volume of CO2 reduced or avoided and adaptation activities under this programme are the response to this risk. The environmental impact was quantified and included in the economic analysis of the Programme. In addition, the CSA technologies and certified seeds that would be promoted, lead to a better soil coverage and lower greenhouse gas emissions.		
Vulnerability of target populations and ecosystems to climate variability and hazards	High	Moderate

**Risk:**

Rural Communities/ ecosystems, which they depend on, are extremely vulnerable to natural hazards, which are, frequents in the region. Droughts, floods, sand storms, locusts and pandemic	High	Moderate
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**Mitigations:**

The program itself is a response to climate variability and natural hazards. Adaptation and mitigation activities are identified to enhance the resilience of communities and their ecosystems to climate variability and hazards

Stakeholders	Moderate	Moderate
Stakeholder Engagement/Coordination	Moderate	Low

**Risk:**

Various national initiatives differ and lack regional cohesiveness.

Moderate	Low
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**Mitigations:**

All stakeholders- government, implementing entities, farmers' organizations, etc., expressed their commitment and are involved in the project design. Coordination mechanisms at national and regional levels will allow decision makers to grasp mutual challenges and achievements and act on them accordingly.

Stakeholder Grievances	Moderate	Moderate
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**Risk:**

In terms of information, public consultations and grievance management, the mechanisms set up for citizen participation at the local level, are moderately effective.

Moderate	Moderate
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**Mitigations:**

The project governance is combined with a grievances set-up that will allow the feedback from beneficiaries facilitated by the first line implementation partners (local NGOs, CSOs as women and youth organisations, FOs that all strengthen social bounds within communities) to be aired and reach out the coordination mechanisms. The implementation support mission of World Bank in collaboration with IFAD that was undertaken in March 2021, monitored the progress that was made with respect to the setting up of a grievances mechanism. The mission was informed that a draft document was prepared regarding the establishment of a grievance mechanism.

### DLIs, Disbursement Arrangements and Verification Protocols

DLI 2	Cumulative quantity of certified seeds acquired for diversification crops (tons) – IFAD Additional Funding			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount	As % of Total Financing Amount
Intermediate Outcome	Yes	Metric ton	2,000,000	10%
Period	Value		Allocated Amount (USD)	Formula
Baseline				
Year 1				
Year 2	4.0 tons		1,000,000	Disbursement of 1 million US\$ for 4 tons of additional certified seed
Year 3	4.0 tons		1,000,000	
Year 4	4.0 tons		1,000,000	
Year 5	4.0 tons		1,000,000	

DLI 2	Cumulative quantity of certified seeds acquired for diversification crops
<b>Description</b>	Cumulative quantity of certified seed acquired for diversification crops (fonio, maize, sesame, millet, sorghum)
<b>Data source/ Agency</b>	Ministry of Agriculture DA/DISEM, ISRA
<b>Verification Entity</b>	IVA
<b>Procedure</b>	The IVA will review and approve the reports prepared by the Program Technical Coordinating Units (TCUs) and carry out site inspections and in-depth reviews of specific items as required.



<b>DLI 3</b>	<b>Percentage of subsidy targeted to small producers and climate-smart technologies (% of subsidy amount) – IFAD Additional Funding</b>			
<b>Type of DLI</b>	<b>Scalability</b>	<b>Unit of Measure</b>	<b>Total Allocated Amount</b>	<b>As % of Total Financing Amount</b>
Intermediate Outcome	Yes	Percentage	10,000,000	50%
<b>Period</b>	<b>Percentage realized</b>		<b>Allocated Amount (USD)</b>	<b>Formula</b>
Baseline				Disbursement of 2.5 million US\$ for each 20% of the final target of 50,000 beneficiaries
Year 1				
Year 2	20%		2,500,000	
Year 3	40%		2,500,000	
Year 4	60%		2,500,000	
Year 5	80%		2,500,000	

<b>DLI 3</b>	<b>Percentage of subsidy targeted to small producers and climate-smart technologies</b>
<b>Description</b>	The Govt. will have to develop and implement a new input (including seed, fertilizer and agriculture equipment) subsidy plan acceptable to the Bank. This strategy will emphasize on targeting on both beneficiaries and the technologies. It will be measured by the percentage of the total subsidy that is targeted to small farmers and CSA technologies
<b>Data source/ Agency</b>	Ministry of Agriculture DA, ANCAR
<b>Verification Entity</b>	IVA
<b>Procedure</b>	The IVA will review and approve the reports prepared by the Program Technical Coordinating Units (TCUs) and carry out site inspections and in-depth reviews of specific items as required.

<b>DLI 7</b>	<b>Number of producers with access to agriculture insurance for crops and livestock (per year) – IFAD Additional Funding</b>			
<b>Type of DLI</b>	<b>Scalability</b>	<b>Unit of Measure</b>	<b>Total Allocated Amount</b>	<b>As % of Total Financing Amount</b>
Intermediate Outcome	Yes	Number	5,000,000	25%
<b>Period</b>	<b>Number of additional farmers reached</b>		<b>Allocated Amount (USD)</b>	<b>Formula</b>
Baseline				
Year 1				Disbursement of 1 million US\$ for 10,000 additional crop and livestock farmers reached
Year 2	5,000		500,000	
Year 3	15,000		1,500,000	
Year 4	15,000		1,500,000	
Year 5	15,000		1,500,000	

<b>DLI 7</b>	<b>Number of producers with access to agriculture insurance for crops and livestock</b>
<b>Description</b>	This DLI intends to ensure access to financial services as this is a major bidding constraint. It includes at least two milestones: (i) paying off premium arrears due by the Gvt., which is already engaged in paying it gradually; (ii) ensuring insurance coverage for additional 50,000 farmers. In 2019 about 269,000 were insured with this premium subsidy via IFC-funded program ensuring phasing out of insurance premium subsidizing by the GoS. This DLI is under the responsibility of the Ministry of Finance and Budget. World Bank funding would already allow reaching 400,000.
<b>Data source/ Agency</b>	Ministry of Finance, CNAC
<b>Verification Entity</b>	IVA
<b>Procedure</b>	The IVA will review and approve the reports prepared by the Program Technical Coordinating Units (TCUs) and carry out site inspections and in-depth reviews of specific items as required.

<b>DLI 10</b>	<b>Monitoring and Evaluation (M&amp;E) system each at MAER and MEPA for agriculture and livestock performance in place and functioning</b>			
<b>Type of DLI</b>	<b>Scalability</b>	<b>Unit of Measure</b>	<b>Total Allocated Amount</b>	<b>As % of Total Financing Amount</b>
Intermediate Outcome	No	Text	2,000,000	10%
<b>Period</b>	<b>Value</b>		<b>Allocated Amount (USD)</b>	<b>Formula</b>
Baseline	<b>MAER</b>	<b>MEPA</b>		
Year 1				Monitoring of women and youth operational
Year 2	500,000	500,000	1,000,000	
Year 3		500,000	500,000	Staff management plan of MEPA operational
Year 4	500,000		500,000	Restructuring of interprofessions for diversification crops (maize, sorghum/millet, cowpea) finalized
Year 5				

<b>DLI 10</b>	<b>Monitoring and Evaluation (M&amp;E) system each at MAER and MEPA for agriculture and livestock performance in place and functioning</b>
<b>Description</b>	Adequate monitoring and evaluation systems in place and operating in each MAER and MEPA to track Program performance
<b>Data source/ Agency</b>	M&E Directorate of Ministry of Agriculture and Ministry of Livestock
<b>Verification Entity</b>	IVA
<b>Procedure</b>	The IVA will review and approve the reports prepared by the Program Technical Coordinating Units (TCUs) and carry out site inspections and in-depth reviews of specific items as required.